

PART III – LIST OF OTHER DOCUMENTS,
EXHIBITS AND OTHER ATTACHMENTS

SECTION J

SECTION J - APPENDIX F

PERFORMANCE EVALUATION

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PERFORMANCE EVALUATION

This Appendix sets forth the critical outcomes, objectives and performance indicators, established by the DOE Operations Office in partnership with the Contractor on which an evaluation of the Contractor's performance will be based as required by the clause titled Use of Objective Standards of Performance, Self Assessment and Performance Evaluation of the Contract.

The Parties have agreed to measure and evaluate the individual areas of Laboratory activities identified herein which link with and support the DOE Strategic Plan, the EM/ER Strategic Plan, the Laboratory Mission Plan, and the Hanford Strategic Plan. This reflects the fact that the Contractor will be evaluated on accomplishment of the critical outcomes. Each area will receive its own evaluation rating and they will be combined to determine an overall rating. It is contemplated that this methodology will continue for each subsequent evaluation period under this Contract.

The Parties have mutually agreed to the expected levels of performance for each measure, to include corresponding objectives and performance indicators, which is documented within the FYXX Battelle "Performance Evaluation and Fee Agreement." As described in the clause titled, Performance Measure Review, the Parties also agree to a reassessment of this information prior to the beginning of each annual evaluation period.

In addition, it is agreed that a year-end self-assessment report of Contractor performance will be submitted to DOE by the Contractor. This assessment will address pre-established areas of performance for each critical outcome, as identified within the "FYXX Battelle Performance Evaluation and Fee Agreement" mentioned above and other functional/programmatic areas as identified and scheduled within internal Laboratory self-assessment plans and will be a primary tool utilized to assess and evaluate results and to improve performance. Assessment and evaluation by DOE may also include operational awareness, periodic reviews (by DOE or others) and "for cause" reviews.

OUTCOME ORIENTED PERFORMANCE-BASED MANAGEMENT SYSTEM GUIDELINES

1. The outcome oriented, Performance-Based Management System is composed of four tiers:

Critical Outcome: A concise statement of the overall outcome to be achieved. The critical outcomes are defined and graded such that the Laboratory can be adjectivally rated for each critical outcome

Objective: The key outcome oriented objectives that must be accomplished.

Performance Indicator: The key items that will indicate progress towards the objectives, and consequently the overall critical outcome.

Expected Levels of Performance: Specific measurable quantities against which the Contractor will be measured each fiscal year.

2. Performance indicators should be constructed to drive performance. They should incorporate "best practices" and reflect the DOE and the Contractor's managers' judgment as to the key performance elements for overall success. "Best practices" should include cost/risk/benefit effectiveness.
3. Performance indicators should include criteria which are objectively measurable and allow for meaningful trend and rate of change analysis where possible, and use qualitative criteria in those cases where objective criteria will not produce meaningful evaluation results.
4. Expected levels of performance may be based on industry standards that are meaningful, appropriate and consistent with DOE requirements rather than arbitrary standards. To this end, benchmarking initiatives are encouraged. Setting benchmarks should consider whether it is cost-effective to make further improvements or if the expected level of performance should be changed.
5. The relative weight and the methodology for measuring each critical outcome shall be established prior to the start of the performance evaluation period and rating weights shall be assigned at the critical outcome level as agreed to mutually by the Contractor and the Contracting Officer.
6. The Contracting Officer shall review, verify, and approve how the Contractor collects, compiles and scores the performance ratings in this Appendix.
7. Management assumptions and definitions shall be documented.
8. The overall set of performance indicators within a critical outcome should properly characterize the Laboratory's level of performance for that area over time. Careful consideration should be given to resource commitments as they relate to the administration of the Contract.
9. Critical outcomes and performance indicators are to be developed by the DOE Operations Office in partnership with the Contractor, along with DOE HQ personnel as appropriate.
10. Failure to include an objective or performance indicator in the Contract does not eliminate the need to comply with applicable requirements in that area of performance.
11. The Director of Energy Research through the Contracting Officer has the primary responsibility for evaluating Laboratory scientific research performance. The Contracting Officer has the primary

responsibility for evaluating other aspects of performance in accordance with the critical outcomes set forth in this Appendix.